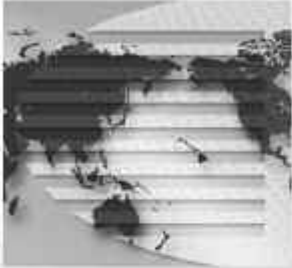




Asia-Pacific Center for Security Studies



SPECIAL ASSESSMENT

FEBRUARY 2005

The Asia-Pacific and the United States 2004–2005

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Australia and the United States 2004–2005: All the Way with the U.S.A.?

M O H A N M A L I K

K E Y F I N D I N G S

- Shared strategic interests and values tie Australia to the U.S. across the Pacific in much the same manner as Britain to the U.S. across the Atlantic. Under Prime Minister John Howard, Australia has established new benchmarks for alliance loyalty by consistently supporting U.S. strategic initiatives and policies including the Global War on Terrorism (GWOT), Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). Both Australia and the U.S. see the war on terrorism as a battle of ideas, values, beliefs, and above all, a fight between theocratic and secular ideologies.
- The Australia-U.S. partnership reached new heights in 2004-2005. Australia became the first and only country in the Asia-Pacific to have a Free Trade Agreement (FTA) with the U.S. that reinforces a 54-year old mutual defense pact which is now further strengthened by an agreement on the joint development of a missile defense shield.
- However, such close cooperation, particularly regarding Iraq, has elicited criticism within Australia—including during the 2004 national elections. Reconciling the interests of a regional power like Australia with U.S. global interests and strategy remains a major challenge for policymakers at both ends of the Pacific Ocean. For the alliance to survive and flourish, it must enjoy bipartisan political support and must not become an election issue.
- The U.S.-Australia alliance has also emerged as a bone of contention between Australia and China. Beijing will not succeed in driving a wedge between Washington and Canberra (or "doing a South Korea on Australia"). While in peacetime Canberra may be unwilling to displease Beijing, Australia will ultimately side with the U.S. in any conflict because sitting on the fence in regional affairs has never been an option for Australia.
- Changes underway in the Australian defense posture and Canberra's decisions on missile defense, interoperability, force modernization and acquisition programs will have the effect of tying the Australian Defense Force even more closely to the U.S. military and enhancing its ability to contribute to multinational military coalitions worldwide.

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Since the end of the Second World War, common heritage, history, culture, language, shared strategic interests, and shared political values have tied Australia to the United States across the Pacific in much the same manner as Britain to the U.S. across the Atlantic. The Australian nation's inherent strategic vulnerabilities in a region perceived as an "arc of instability" and its predominantly European society's traditional fear of being "swamped by Asians" in a region that is home to large, populous and powerful nations underlie Australia's historic quest for alignment with "a great and powerful friend" (first Britain, and then the U.S.). To the U.S., Australia's importance as the closest ally in the Pacific is evident from Canberra's unquestioning support of Washington not only throughout the Cold War but also all its post-Cold War strategic moves, from the Iraq War of 1991 to the Missile Defense initiative and the current Global War on Terrorism (GWOT). The U.S. also values Australia's contribution to peacekeeping operations such as in East Timor, stabilization of the Solomon Islands and Papua New Guinea, and other crisis points in the South Pacific. The Australia-U.S. partnership has reached new heights following Canberra's participation in the U.S.-led war in Iraq, and more recently, Australia was one of the core Group of Four nations that took the lead in helping the tsunami victims in southern Asia.

The year 2004 was a landmark year in Australia-U.S. relations. The successful conclusion of some major economic and military deals made Australia the first and only country in the Asia-Pacific to have a Free Trade Agreement (FTA) that reinforces a 54-year old mutual defense pact. The alliance is now further strengthened by an agreement on the joint development of missile defense systems. The Australia-United States Ministerial Consultations (AUSMIN) are held on a regular basis. The AUSMIN 2004 consultations focused on rebuilding Iraq, combating terrorism and proliferation of weapons of mass destruction (WMD), defense cooperation, and enhancing joint training and interoperability. At their June 2004 summit, President George W. Bush and Prime Minister John Howard noted that "Australia and the United States have never been closer."

AUSTRALIA-U.S. ALLIANCE: GETTING STRONGER AMIDST GREATER SCRUTINY

The United States is Australia's most important military ally, with its 1951 ANZUS (Australia, New Zealand and U.S.) Treaty the cornerstone of Australia's defense strategy. Under Prime Minister John Howard's conservative coalition government, Australia has established new benchmarks for alliance loyalty to the United States by consistently supporting U.S. strategic initiatives and policies at global and regional levels. Both Australia and the U.S. have placed the war on terrorism at the forefront of security considerations, and Australia invoked the ANZUS Treaty after 9/11 for the first time in the treaty's history. The Bali bombing of October 12, 2002, in which 88 Australians died, reinforced Australia's support to U.S. anti-terrorism efforts. Australia's contribution to U.S. global strategy—deployment of Australian forces in Afghanistan and Iraq, missile tracking and intelligence installations at Pine Gap, intensified force interoperability for participation in coalition operations, Australia's participation in the development of a missile defense shield, and collaboration in managing the transnational threats of terrorism and proliferation—is evidence of the "special relationship" between the two Pacific nations. For their part, Australians acknowledge alliance benefits in the form of access to U.S. intelligence, advanced military hardware and technology and the

opportunity to play a wider regional role. In the words of Secretary of State Condoleezza Rice, the United States “has no better friend and no longer standing friend than Australia.” In February 2004, longtime security partners became close economic partners following the successful conclusion of a Free Trade Agreement (FTA), which is expected to put Australia’s trade and investment relationship with the United States on a similar footing to the two nations’ close and well-established politico-strategic relationship—underpinned by the ANZUS Treaty and numerous other formal arrangements.

Despite the congruence of Australia-U.S. interests at the global level, geography and power asymmetry necessarily generate some different threat perceptions at the regional level because Australia is a regional power while the U.S. is a global power with global interests and responsibilities. That reconciling the regional interests of a regional power like Australia with U.S. global interests and strategy remain a major challenge for policymakers at both ends of the Pacific Ocean was further illustrated throughout 2004, which saw the U.S.-Australia alliance relationship becoming the focus of Australian domestic political debate in an election year and a major source of discomfort for Washington. Domestic opponents charged the Howard government with turning Australia into an American satellite, while neglecting relations with Asia. The Howard government responded to the criticism by saying that Australia does not have to choose between Asia and America and that it was dealing with both to serve Australia’s national interests. Natural gas sales to China, free trade negotiations with Singapore, Thailand, China and Japan and upgraded security ties with Japan were offered as evidence of Howard’s success in engaging both Asia and America.

In particular, the Iraqi situation was cited by the critics as undermining rather than promoting Australia’s security. Prime Minister Howard came under attack from opposition Australian Labor Party (ALP) leader Mark Latham that his policy choices, especially on Iraq, were made in deference to Washington without due consideration to Australian national interest. Opinion polls indicated that most Australians agreed with the opposition’s criticism. Underlying this sentiment was a long-standing belief in Australian society that the country should be less compliant in the strategies of “great and powerful friends,” and avoid entanglement in “other people’s wars” in places such as the faraway Middle East. For their part, U.S. officials castigated Latham’s promise to withdraw Australian troops from Iraq by Christmas if he won the election. Faced with his own re-election bid, President Bush and his men weighed in on Howard’s side, thereby inviting charges of “interference in Australian domestic politics.” While Secretary of State Colin Powell described Latham’s troops pullout call as “a political disaster” that would “embolden the enemy,” his deputy Richard Armitage even invited Australians to “think what it would be like without this relationship with the United States.” Apparently, while the Bush administration saw the alliance through the prism of Iraq only for both domestic and international political reasons, ALP’s Latham saw the issue of troops withdrawal from Iraq by December 2004 as a principled difference with Howard’s unquestioning approach to the alliance and its impact on Australia’s regional engagement policy. Fortunately, with the reelection of Howard (largely because of Australia’s buoyant economy) and Bush, all this turned out to be, as noted strategic analyst Paul Dibb put it, “just part of the political silly season in both Washington and Canberra.”

Nonetheless, the 2004 election campaign showed that the alliance could come under stress and strain if a careful mutual calibration of interests and domestic political constraints is not undertaken. It also demonstrated that the Australian public’s support

cannot be taken for granted, and this could place some constraints on the Howard and even future administrations. For the alliance to survive and flourish, it is important that it enjoys bipartisan political support in Australia and does not become an election issue. The return of Kim Beazley as Labor opposition leader in 2005 should help smooth any ruffled feathers over his predecessor Mark Latham's intemperate remarks about the Bush administration. On the U.S. side, the appointment of another "Australian mate" Robert Zoellick, who successfully negotiated the FTA with Australia, as Deputy Secretary of State is a positive, welcome development from Canberra's perspective.

TERRORISM AND THE BATTLE OF IDEAS

Soon after the 9/11 attacks, Australia's decision to invoke the ANZUS Treaty was tantamount to saying that the attack was also against Australia. As Prime Minister John Howard, who happened to be on an official visit in Washington, put it: "If we left this contest only to America, we would be leaving it to them to defend our rights and those of all the other people of the world who have a commitment to freedom and liberty. We admire their strength and greatness, but Australians have always been a people prepared to fight our own fights." This sentiment led to the Australian Defense Force (ADF) deployment to fight in Afghanistan and Iraq. The 2002 Bali bombing and attack on the Australian Embassy in 2004 in Jakarta added a new layer of substance to Canberra's relations with Washington. Australians generally have a positive perception of U.S. intentions in the Global War on Terrorism (GWOT). For both countries, the GWOT, at a fundamental level, is a battle of ideas, values, beliefs, culture, and above all, a fight between theocratic and secular ideologies. Both see Iraq as the part of the battlefield where this battle of ideas is currently taking place and have reaffirmed their determination to build a stable, secular and democratic Iraq. Both believe that the fight against terrorism will be a long one, and would involve diplomatic, law-enforcement, financial, intelligence and military elements. This realization lies beneath Australia's close association with and military support for the U.S. to develop cooperative measures to meet common challenges. Australia considers itself a vital partner in spreading liberal democracy and liberalism throughout the Asia-Pacific, even claiming that strengthening good governance is now the largest sectoral focus of the Australian official aid program. At the summit meeting with Prime Minister Howard in June 2004, President George Bush noted that their "closeness is based on a shared belief in the power of freedom and democracy to change lives...the war on terror is not a contest of civilizations, it is a contest of convictions. Our victory hinges on the free world's willingness to protect and encourage democratic values."

The Howard government took a significant risk in sending forces to Iraq in the absence of an unambiguous U.N. mandate and in the face of considerable public opposition. The Australian Parliament's Joint Standing Committee on Foreign Affairs, Defense and Trade has recommended the Government draft a new defense white paper in 2005-06, updating the doctrine of defending Australia to include tackling global terrorism and WMD proliferation. In his testimony before this Committee, U.S. ambassador to Australia Tom Schieffer warned that the U.S. and Australia could lose the GWOT if they adopted a fortress mentality and failed to go after the terrorists in their global strongholds: "In this new world our enemies will not always wear uniforms or fly national flags. We

may see them crossing the street before we realize they have crossed our borders. They plan their attacks in one country, prepare for their execution in another and carry them out wherever the innocent may gather.” The report’s finding that “Australia’s interests are not just limited to our territory but stretch throughout the region and globally” would surely find resonance in Washington. In late 2004, Australia announced plans to closely monitor shipping to combat terrorism and transnational crime far beyond its territorial waters up to 1,000 nautical miles offshore (an area that would include New Zealand, Indonesian and East Timor territory) starting in March 2005. The scheme drew a sharp reaction from neighboring Indonesia and Malaysia. Earlier, Prime Minister Howard’s announcement of a preemption doctrine similar to that of the U.S. in the aftermath of the Bali bombing in 2002 had also provoked criticism in some Asian capitals.

THE TAIWAN TANGLE: WILL CHINA DIVIDE AUSTRALIA AND THE UNITED STATES?

The looming possibility of U.S.-China confrontation over Taiwan could confront ANZUS with its greatest challenge and is seen as having the *potential* to divide Australia and the United States. Much as Canberra would prefer a closer “strategic partnership” between Washington and Beijing, the reality is that some in the Bush administration view China as a long-term strategic threat and one that Australia will be expected to confront along with the U.S. if future Sino-American crises over Taiwan and North Korea materialize. The nightmare scenario for Canberra is a military confrontation that would mean choosing sides and lining up with the United States against China. Even minimal Australian support (in terms of logistics or intelligence support) for the U.S. war effort is sure to invite maximum Chinese retaliation. China is now as critical for Australia’s economic security and prosperity as the U.S. is in terms of Australia’s military security. The Howard Government places a high premium on relations with China, with which it is currently negotiating an FTA. The growing dependence of the Australian economy on China for sustained economic growth has significant strategic consequences in the sense that it limits Australia’s foreign policy choices and further restricts its freedom of action in disputes involving China over Taiwan, North Korea or WMD proliferation.

Much like the U.S., Australia has long followed a bipartisan “one-China policy” that calls for a peaceful resolution of the Taiwan question. However, the alliance equation has now emerged as a bone of contention between Australia and China on this issue and Beijing has put Australia on notice that China expects Australia to remain neutral should a conflict break out. For their part, several Bush administration officials have emphasized their expectations for Australia to support an American defense of Taiwan should such a confrontation occur. Debate on Australia’s posture in the event of conflict over Taiwan remains polarized between those who urge caution and are wary of “the American neoconservatives’ view of China,” and those who do not want to abandon the economically prosperous and democratic state to the bullying tactics of Communist China. Others advocate maintaining “calculated ambiguity.” Most argue that Australia’s response to any crisis should reflect *how* that crisis emerges, and then decide *whether, to what extent or under what conditions*, it would support the U.S. if China moved against Taiwan. For example, was a Chinese attack provoked by reckless behavior on the part of Taiwanese authorities, or was it an opportunistic, sudden strike by the Beijing leadership to take advantage of perceived U.S. preoccupation elsewhere? Some influential

Australians believe that the alliance must allow scope for disagreements over some issues and that the U.S. should understand Australia's non-participation in a future conflict across the Taiwan Straits in the same manner as it did Britain's non-involvement in the Vietnam War or Canada's in the Iraq War. Australia's rapidly growing pro-China lobby in the strategic community, media, business, and academia adds weight to this argument by contending that Chinese trade and commercial ties have now become too important to the Australian economy for Canberra to risk alienating Beijing over Taiwan, or other regional disputes that may rupture Sino-U.S. relations. For its part, Beijing is also dangling the carrot of lucrative business deals (e.g., the \$25 billion natural gas deal) and the promise of "strategic partnership" with Canberra as part of its strategy to ensure Australia's neutrality (along with that of South Korea and the Philippines) in the event of a conflict. Whether Australia will get a free pass on Taiwan would depend on the origins of the conflict and on whether Republicans or Democrats are in control of the White House at that time. In short, many Australians who stress that support for the U.S. over Taiwan should not be regarded as automatic also object to broadening the scope of the bilateral alliance to cover compulsory Australian participation in U.S.-led coalitions in defense of American global interests and strategy.

It was this line of thinking that led opposition leader Mark Latham to demand withdrawal of Australian troops from Iraq by Christmas in 2004 and prompted Foreign Minister Alexander Downer to cast doubts at a press conference in Beijing in August 2004 over Australia's treaty obligations by claiming that it should not be taken for granted that Australia would side with the United States in the event of a conflict with China across the Taiwan Strait: "The ANZUS obligations could be invoked only in the event of a direct attack on the United States or Australia. So some other activity elsewhere in the world [read, Taiwan]...doesn't invoke it." Downer's somewhat disingenuous interpretation of the treaty evoked a sharp rebuke from the U.S. State Department spokesperson who countered by saying that "Articles IV and V of the treaty specifically say that an armed attack on either of the treaty partners in the Pacific would see them act to meet the common danger. Critically, an attack in the Pacific is defined as including any attack on armed forces, public vessels or aircraft." If the U.S. was defending Taiwan and its forces come under Chinese attack, it could be seen to invoke the treaty on a straightforward interpretation. Two days later, U.S. ambassador Tom Schieffer also stated explicitly that "[w]e are to come to the aid of each other...if either of our interests are attacked in the Pacific." After the U.S. officials reiterated Australia's "pretty clear" obligations under the ANZUS Treaty, Howard corrected his foreign minister and Downer quickly backtracked, stressing that Australia always maintained a position of not commenting on the position it would take. Australian diplomatic nerves were stretched further by the passage of China's anti-secession law in March 2005 allowing a military attack on Taiwan and Downer was quoted as saying that the ANZUS Treaty could be invoked if war did break out, "but that's a very different thing from saying we would make a decision to go to war." Many observers see Downer's contradictory and ambiguous remarks as indicating a shift from the government's clear-cut stand taken in 1996, when it supported the dispatch of two U.S. carrier groups to the Taiwan Strait in response to Chinese missile tests near Taiwan's shores. This "shift" is attributed to China's rapidly rising economic clout, its diplomatic charm offensive, and Beijing's sweet talk of closer "strategic partnership" with Canberra which is aimed at turning even a conservative staunchly pro-American Australian government into a doubting ally seeking to distance itself from a key U.S. strategic posture in the region.

Apparently, domestic discord over the U.S. alliance coupled with Downer's remarks aimed at currying favor with the Chinese led Beijing to conclude that Canberra could be weaned away from Washington through economic inducements and strategic coercion. This assessment lay behind Beijing's decision to up the ante by publicly demanding in March 2005 that the Howard government review its 50-year-old military pact with the U.S., warning that the ANZUS alliance could threaten regional stability if Australia were drawn into Sino-U.S. conflict over Taiwan. A senior Chinese diplomat, He Yafei, director-general of North American and Oceania Affairs, told *The Australian* that Australia and the U.S. needed to be careful not to invoke the ANZUS alliance against China or else Sino-Australian relations would be severely damaged. This ultimatum apparently made Canberra realize a key Chinese negotiating tactic: "The more you give, the more Beijing asks for."

Other contentious China issues where the Australian and U.S. positions diverge are Washington's opposition to an Australia-China FTA that recognizes China as a market economy, and the lifting of the European Union's (E.U.) arms embargo against China. While the U.S. (and Japan) have protested strongly against the E.U.'s decision to resume arms sales to China, the formal Australian position is that it does not oppose the E.U. lifting the embargo as long as it does not upset the balance of power in the region. China also has the potential to divide Australia and Japan, as Tokyo increasingly appears willing to risk China's wrath and stand up to it while Canberra seems reluctant to displease Beijing. This is evident from the conclusion of the joint U.S.-Japan declaration in February 2005 that indicates Japan's commitment to provide military support to the U.S. if it uses force to prevent an armed takeover of Taiwan by China, and Tokyo's recent decision to grant visas to Lee Teng-hui and the Dalai Lama despite strong opposition from China. Tokyo's all-out support for U.S. policy initiatives post-9/11 is turning Japan into "Australia of Northeast Asia." The Bush administration would like Canberra to co-ordinate its China policy with Washington and Tokyo. Since China is the largest or second largest trading partner of Japan, Australia and the U.S., this gives the three Pacific democratic allies enormous leverage over China provided they use it judiciously and coordinate their policies vis-à-vis China on Taiwan, North Korea, WMD proliferation, trade, and currency issues. For Australia cannot pretend that it can maintain good relations with China even as China's relations with two of Australia's closest allies—the U.S. and Japan—increasingly turn acrimonious. Nor can Australia afford to entertain or preach the notions of neutrality and abstinence when all its current and future force modernization and force acquisition decisions will have the effect of tying it closely to the U.S. military.

PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (WMD)

Australia and the United States have committed themselves to several measures to further strengthen the counter-proliferation architecture, including bolstered treaty regimes; better implementation of export controls and improved securing of sensitive materials. Australia has spearheaded "the Australia Group" which regulates the export of chemical and biological agents, and Australia is active in the Missile Technology Control Regime. Australia is also an active participant in the U.S.-backed Proliferation Security Initiative (PSI), a naval and air program involving up to 60 nations in devising ways to

intercept rogue states' WMD shipments. Both countries stress the need for North Korea and Iran to comply fully with their international obligations. The United States has also welcomed Australia's decision to participate in the Global Partnership Initiative and its contribution to help dismantle decommissioned Russian nuclear submarines. In late 2004, the U.S. Department of Energy and the Australian Nuclear Science and Technology Organization sealed a 10-year agreement which would make the U.S. Australia's nuclear dumping ground by taking spent fuel rods from the proposed new Lucas Heights reactor in Sydney. The deal removed the last major obstacle to the approval of a replacement nuclear reactor at the Lucas Heights facility and eased the pressure on the Howard government from conservationists and the opposition to resolve the dump issue. The U.S. already accepts spent fuel containing uranium previously enriched in the U.S. from 41 countries, including Australia, to reduce the risk that residual uranium will be used for nuclear weapons.

MISSILE DEFENSES

Australia supports U.S. plans to develop a missile defense shield. On July 8, 2004, Australia and the U.S. signed a 25-year pact to jointly develop a missile defense shield to counter proliferation of ballistic missiles capable of carrying WMD. The agreement will include Australia as a participating country in the U.S. missile defense program as well as development and testing of advanced radar technology capable of providing improved early detection of ballistic missiles after launch. The agreement was signed against the backdrop of growing opposition to the program both from the opposition Labor Party and the pro-China lobby which claimed that Australia's participation in the U.S. missile defense shield would not only prompt a regional arms race but also invite a diplomatic and economic backlash from China. Defense Minister Robert Hill justified missile defense as a "long-term investment" to meet "threats we might face in the future." In addition to joint research, Australian participation would include use of the Australia-U.S. joint facility at Pine Gap, and upgrade of the Jindalee Over-the-Horizon radar network for detecting incoming missiles, and the provision of ship-based anti-missile interceptors on the RAN's proposed three new air warfare destroyers. Canberra has also not ruled out the deployment of U.S. ballistic missile interceptors on Australian soil to protect major population centers.

DEFENSE AND SECURITY COOPERATION

Cooperation with the United States on missile defense is part of a much broader effort on the part of Canberra to expand interoperability and military and defense-industrial partnering with the United States, including joint military training with U.S. troops on Australian soil, and Australian participation in the development of the F-35 Joint Strike

Fighter. In 2004, Canberra signed a deal to gain access to the latest U.S. submarine combat technology for Australia's troubled fleet of Collins class submarines. At the 2004 AUSMIN talks, Australia and the U.S. agreed to develop a Joint Combined Training Center that signaled a long-term commitment to further strengthen the alliance. It would include state-of-the-art technology that allows commanders to oversee the exercises in real time. Under the concept, facilities at the Shoalwater Bay Training Area in Queensland and the Bradshaw Training Area and Delamere Air Weapons Range in the Northern Territory will be further developed and linked with American facilities. The upgrade of the Shoalwater Bay facility is to receive priority to support the Talisman Sabre biennial joint training exercise in 2007 which would involve tens of thousands of Australian and U.S. military personnel in land, sea and air operations, including the testing of new tactics and new-generation U.S. weaponry. Australia also agreed to buy 59 refurbished Abrams M-1 tanks to equip the 1st Armored Regiment. The decision to go for American tanks to replace German Leopard tanks means that Australian and U.S. forces will be able to conduct more joint training exercises and that trained Australian crews could be flown to war zones to pilot U.S. tanks. Interoperability with U.S. forces and the ability to contribute to multinational coalitions are now integral to Australia's defense policy, force acquisition programs and training. The Howard Government also welcomed U.S. efforts, through the Global Force Posture Review, to reposition its military away from a defensive Cold War stance toward a more agile posture necessary to confront new threats. Interestingly, Canberra also allowed Japanese troops to train on Australian soil for the first time as part of the two Pacific countries' efforts to forge closer security ties.

LOOKING INTO THE FUTURE

The U.S.-Australia alliance relationship has now expanded into a global partnership that encompasses the transnational security issues of terrorism, proliferation, resurrection of failed states as well as the complex traditional security issues in both Asia-Pacific and the Middle East. For the alliance to survive and thrive, it is important that the United States' overarching focus on a single issue (e.g., terrorism) does not put Australia in a position that leads to a major gap between Washington's goals and Canberra's compliance. The possibility that a post-Kim Beazley Labor Party might adopt strategic postures that would diverge from U.S. interests cannot be ruled out. At the same time, as Australia becomes economically more and more integrated with the Chinese and other Asian-Pacific economies, it will strengthen its security ties with the U.S. as part of its hedging and balancing strategy in an uncertain Asia-Pacific. None of Australia's Asian relationships is as robust and strong as its American ties nor can it match the scope and depth of the strategic benefits that flow from it. Much as Canberra would like to avoid choosing sides, there is little doubt that in the event of a conflict across the Taiwan Straits, Australia would side with the United States.

The views expressed in this publication are those of the author(s) and do not necessarily reflect the official policy or position of APCSS, U.S. Pacific Command, the U.S. Department of Defense, or the U.S. Government.

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